



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution approving the Electric Utility Pilot Project - 2001 Small Business Load Curtailment

MEETING DATE: June 20, 2001

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt the attached resolution approving the Lodi Small Business 2001 Load Curtailment Pilot Project, and authorize the City Manager to sign a contract allowing Silicon Energy to manage the project on behalf of the City of Lodi.

BACKGROUND INFORMATION: The California Energy Commission (CEC), as authorized in state legislation, has developed a series of energy conservation programs designed to reduce energy consumption through the remainder of 2001. One such effort is the CEC's 'Demand Responsive HVAC & Lighting Building Systems Program.' This program, once installed, will allow for individual electric utilities to automatically reduce air conditioning and/or lighting consumption at participating customer sites. The overall goal of the CEC's program is to reduce hundreds of megawatts of electric energy usage during the designated peak hours (for the summer of 2001, the peak hours are considered 11am to 7pm, Monday through Friday).

The City of Lodi Electric Utility, in partnership with Silicon Energy (considered a national leader in energy management system development), is proposing the Lodi Small Business 2001 Load Curtailment Pilot Project. The target is the nearly 2000 small commercial electric utility customers of Lodi. Through participation in this program, a new seven-day programmable thermostat is installed at the customer's site (store or office space), then connected to a controller module with integrated 2-way, wireless communications hardware. When the California Independent System Operator (CAISO) issues a request for load-shedding or curtailment, the device installed at the participating small business sites is notified via this communications link-automatically setting the thermostat to a higher temperature. The result is reduced energy consumption through reduced air conditioning usage. The total CEC funding requested is \$725,000 to implement the Lodi Small Business 2001 Load Curtailment Pilot Project.

Under the proposed City of Lodi program (funded via the CEC's 'Demand Responsive HVAC & Lighting Building Systems Program'), Silicon Energy will serve as the general contractor to ensure that all communication links, thermostats and modules are properly installed to customer satisfaction.

***Note: In an effort to secure a portion of the CEC's available funding, Silicon Energy is attempting to represent a number of municipal utilities throughout California to the CEC. Silicon Energy is the only firm to approach the City of Lodi Electric Utility with this proposed program. A number of other companies (similar*

APPROVED: _____


H. Dixon Flynn - City Manager



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to Silicon Energy) are pursuing **other** CEC-sponsored load curtailment programs, but have not approached or communicated with the City of Lodi Electric Utility in pursuit of state funding.

The City of Lodi Electric Utility staff respectfully recommends approval of this proposed program, as it is consistent with other load curtailment efforts previously created for Lodi customers (Lodi Summer 2001 Load Curtailment Project; Lodi Export Group Load Management Pilot Project).

FUNDING: None required

A handwritten signature in black ink, appearing to read "Alan N. Vallow".

Alan N. Vallow
Electric Utility Director

PREPARED BY: Rob Lechner, Manager of Customer Programs

ANV/RL/1st

C: City Attorney

APPROVED: _____
H. Dixon Flynn - City Manager

RESOLUTION NO. 2001-164

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING THE LODI SMALL BUSINESS
2001 LOAD CURTAILMENT PILOT PROJECT, AND AUTHORIZING THE CITY MANAGER
TO SIGN A CONTRACT ALLOWING SILICON ENERGY TO MANAGE THE PROJECT
ON BEHALF OF THE CITY OF LODI

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WHEREAS, the State has mandated that beginning January 1, 1998, the City of Lodi is obligated to fund various programs through a Public Benefits Charge (PBC) based on a historical electric revenue requirement; and

WHEREAS, the requirement amounts to approximately \$1M per year that must be dedicated to qualifying programs such as energy efficiency. A further stipulation is that these efforts must be done on the customer's side of the meter in order to qualify; and

WHEREAS, the California Energy Commission (CEC), as authorized in state legislation, has developed a series of energy conservation programs designed to reduce energy consumption through the remainder of 2001, one of which is the "Demand Responsive HVAC & Lighting Building Systems Program"; and

WHEREAS, this program will allow for individual electric utilities to automatically reduce air conditioning and/or lighting consumption at participating customer sites. The overall goal of the CEC's program is to reduce hundreds of megawatts of electric energy usage during the designated peak hours (for the summer of 2001, the peak hours are considered 11 a.m. to 7 p.m., Monday through Friday); and

WHEREAS, the City of Lodi Electric Utility, in partnership with Silicon Energy, is proposing the Lodi Small Business 2001 Load Curtailment Pilot Project. The target is the nearly 2,000 small commercial electric utility customers of Lodi; and

WHEREAS, through participation in this program, a new seven-day programmable thermostat is installed at the customer's site and then connected to a controller module with integrated 2-way, wireless communications hardware. When the California Independent System Operator (CAISO) issues a request for load-shedding or curtailment, the device installed at the participating small business sites is notified via this communications link – automatically setting the thermostat to a higher temperature. The result is reduced energy consumption through reduced air conditioning usage. The total CEC funding requested is \$725,000 to implement the Lodi Small Business 2001 Load Curtailment Pilot Project; and

WHEREAS, under the proposed City of Lodi program (funded via the CEC's "Demand Responsive HVAC & Lighting Building Systems Program"), Silicon Energy will serve as the general contractor to ensure that all communication links, thermostats and modules are properly installed to customer satisfaction.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby approves the Lodi Small Business 2001 Load Curtailment Pilot Project and authorizes the City Manager to sign a contract allowing Silicon Energy to manage the project on behalf of the City of Lodi.

Dated: June 20, 2001

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I hereby certify that Resolution No. 2001-164 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 20, 2001, by the following vote:

AYES:	COUNCIL MEMBERS – Hitchcock, Howard, Land, Pennino and Mayor Nakanishi
NOES:	COUNCIL MEMBERS – None
ABSENT:	COUNCIL MEMBERS – None
ABSTAIN:	COUNCIL MEMBERS – None


SUSAN J. BLACKSTON
City Clerk